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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

FIRST-CLASS MAIL AND PERIODICALS SERVICE STANDARD CHANGES, 2021	Docket No. N2021-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS STEVEN MONTEITH TO QUESTIONS POSED DURING HEARINGS
(June 14, 2021)

The United States Postal Service hereby provides the response of witness Steven Monteith to questions raised during his appearance at hearings in this docket on June 9, 2021, at transcript pages 116, 118-119, 125-127, and 131-133. Citations to questions are provided, with questions paraphrased then followed by the responses.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

Anthony Alverno
Chief Counsel, Global Business &
Service Development

Amanda Hamilton

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
202-268-4559
Amanda.J.Hamilton@usps.gov
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Tr. 116:4-16 In the Consumer and Commercial BHT Survey, you identified overall measures for the top five drivers of satisfaction including "is reliable" and "provides fast mail delivery," is it possible to cross-tabulate these responses for various demographic groups and characteristics such as by age, income level, and urban or rural residency?

RESPONSE:

We do cross-tabulate the responses for various demographic groups and characteristics and report those results for overall satisfaction with USPS. We can do the same (sample permitting) with other questions including satisfaction with Mail Services.[1] That said we are limited on the number of key drivers analyses we can do, so the key driver index is not something we are able to run for different demographics. Thus, we are unable to cross-tabulate responses relating to key drivers (i.e., "is reliable" and "provides fast delivery") for various demographic groups and characteristics.

[1] The Mail Services section of the Brand Health Tracker ("BHT") survey contains the Key Driver Index score and key drivers of customer satisfaction discussed in the Direct Testimony of Steven W. Monteith.

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Tr. 118:2–119:5: Are you aware of any research that the Postal Service has conducted in the regular course of business to determine if demand for and use of transactional and remittance First-Class mail varies by types of customer segments?

a. Are you aware whether any of these studies have ever documented differences in the use of First-Class mail between residents of rural and urban areas?

b. Are you aware whether any of these studies have ever documented differences in the use of First-Class mail between people of different income levels?

RESPONSE:

The Household Diary Study (HDS) collects information on household use of the mail and how that use changes over time. The HDS, commissioned by the Postal Service and fielded continuously since 1987, is filed each year with the Postal Regulatory Commission. HDS collects data on mail either sent or received by households. The analysis of these data provides a detailed description of the household portion of the Postal Service mailstream. HDS does not collect any information on mail sent from non-households to other non-households. Thus, the non-household or business portion of the mailstream is not analyzed by the study.

HDS allows the Postal Service to make year-to-year comparisons, analyze trends, and develop volume growth rates. The Postal Service and the Commission also use the HDS data for volume forecasting and ratemaking purposes during rate cases. Additionally, the Postal Service uses the data for planning and marketing purposes.

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The data reflected in the HDS are obtained from two sources. Initially, a Recruitment Questionnaire survey is given to approximately 8500 households. Approximately 5200 of these households go on to complete the Diary Study, which involves recording in the diary information about the mail sent and received by the household in a one-week period. These diaries provide the detailed information about the volume of different types of mail, which we use here.

The HDS also provides information relating to the demand and use of transactional and remittance First-Class Mail by customer segment.

a. For the HDS, the Postal Service collects information on the demand and uses of First-Class Mail for urban and rural households. The information collected allows the Postal Service to compare how urban households use First-Class Mail to rural households. The HDS report itself does not, however, summarize this comparative information.
b. For the HDS, the Postal Service collects and reports information on First-Class Mail by various customer segments, including by income level.

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Tr. 125:23-127:10: Regarding the Postal Service's market research, are you able to test for statistical differences across attributes over time?

RESPONSE:

We would not speak about differences in Key Driver Index scores in terms of statistical significance; certainly not in the same way we analyze differences in actual survey responses such as where we indicate in the reports with arrows and letters. To our knowledge, there is not a way to perform statistical significance tests (via a Z-score or any other metric) of scores from a Shapley Value Regression against each other because they are not percentages, means, counts, or any other expected input for significance testing; they are scores derived from the results of a series of linear regression models. The scores are calculated relative to each other, so an attribute with a score of 100 is twice as important as an attribute with a score of 50. In the example where there is a one-point difference in scores, the one attribute is nearly as important as the other.

Additionally, from a statistical standpoint, it is not recommended to compare the Brand Health Tracker survey's Key Index Scores importance over time (e.g., if an attribute had a score of 50 one year and a score of 75 the next, it's not necessarily true that the attribute is 50% more important now). We can look at the rank order of the attributes over time to say whether a given attribute has increased or decreased in importance relative to the other attributes, but one wouldn't compare the actual importance score wave-over-wave. So, one wouldn't say that the Q1'20 score was statistically significantly higher or lower than the Q1'19 score.

Because the scores are relative to each other, they are not comparable across models. How much the items matter is dependent on both the item's score and the R^2 value (how much variation in the outcome we explain), so comparisons of items wave-over-wave would need to take both into account. Imagine one wave, for which, we explain 50% of the variation in overall satisfaction with mail, and "Is Reliable" gets a score of 100. Now imagine that, for the next wave, we explain only 40% of the variation in overall satisfaction with mail and "Is Reliable" is still the top predictor, again getting a score of 100. In the first wave's model, "Is Reliable" is a stronger predictor of overall satisfaction with mail than "Is Reliable" is in the second wave's model even though they have the same score, just by virtue of the stronger explanatory power of the first wave's model. This comparison becomes even more complex as the scores change wave-over-wave.

Looking at the rank order over time, "Is Reliable" has always been the #1 attribute. Provides fast mail delivery moved around in rank a little (between 2nd, 3rd, and 4th most important), so its score relative to "Is Reliable" varied a bit over time, but again we would not speak about this in terms of statistical differences in their absolute/raw scores. Please see the chart below:

Key Driver Rankings from 2018 to 2021

2018	2019	2020	2021
Is reliable was #1 Provides fast mail delivery was #3	Is reliable was #1 Provides fast mail delivery was #2	Is reliable was #1 Provides fast mail delivery was #3	Is reliable was #1 Provides fast mail delivery was #4

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Tr. 131:23-133:1: Has the Postal Service conducted any studies to evaluate the statistical significance of these two key index drivers ("is reliable" and "provides fast mail delivery"), such as a z-score, to differentiate the score of 164 from 159, from a statistical perspective? (Q1'19 in Library Reference 10, slide 35)

a. For Q1'20: Whether the key index score of 137 for "consistently delivers the mail when expected" and 134 for "provide fast mail delivery" are meaningfully, statistically different?

b. Whether there's any longer run statistical analysis with the data starting in the '17 report leading to the '20 report to see if those statistical differences hold or vary over time?

RESPONSE:

Please see the response to "**Tr. 125:23-127:10.**"

a. Same answer as above.

b. Same answer as above.